

WEST VIRGINIA INFORMATIONAL LETTER

No. 29

November 1984

TO: All Property and Casualty Companies Licensed
To Do Business In The State of West Virginia

The purpose of this Informational Letter is to assist insurers and rating organizations in preparing filings, by providing a standardized format in which fundamental information in support of filings may be presented. This Informational Letter does not alter statutory filing requirements for any form, rule, or rate.

This Informational Letter supersedes Informational Letter No. 11, which was issued August, 1981.

Effective February 1, 1985, each fire, marine, casualty or surety Form filing submitted to the Commissioner for approval shall be accompanied by Form Abstract PCA-F-81. All Rate and Rule filings shall comply with Property Casualty Procedural Information Form PCPI-R-81 and shall be accompanied by Rate Filing Abstract PCA-R-84. If a combination of Forms and Rules or Rates is to be filed, it shall comply with Form PCPI-R-81 and shall be accompanied by both Form PCA-F-81 and Form PCA-R-84.

Abstracts are not required for filings made pursuant to Chapter 33, Article 20, Section 4, Paragraph (f) (relating to certain special filings of surety bonds), Paragraph (g) (relating to specific Inland Marine risks), and Paragraph (i) (relating to certain requests for consent to rate in excess of specific approved rates).

In the interest of uniformity, the abstract forms should be reproduced in exact copies, however they may be reproduced on the front and reverse sides of a single sheet of paper.

Filings not accompanied by the appropriate, properly completed abstracts will be disapproved.

Please direct any inquiries to William L. Woosley, Director, Rates and Forms Division, telephone 304/348-2094.

Richard G. Shaw
Insurance Commissioner

W. VA. ADMINISTRATIVE REGULATIONS—INSURANCE

INSURANCE COMMISSIONER
STATE OF WEST VIRGINIA

FORM FILING ABSTRACT

INSTRUCTIONS:

All questions must be answered. (If none state none).

If this is a combination Rate & Form Filing, PCA-R Rate Filing Abstract must also be completed. Companies filing as a group may use a consolidated abstract if all forms are identical. Individual companies and Group must be identified.

1. Date filed _____ Proposed Effective Date _____
2. Company Name(s) _____

Group Name _____

3. (a) Annual Statement Line of Business Number _____ ?
(b) Class of Business _____ ?
(c) Coverages Affected _____ ?
4. (a) Name of Rating Organization, if any:
(b) Affiliation: Member _____ or Subscriber _____
for Rules, Rates, Forms _____
5. Is this a reference filing Yes _____, No _____ ? If yes, provide the following:
(a) Name of rating organization (or company). _____
(b) Date of Filing _____
(c) Filing designation and Name _____
(d) Date Filing was approved in West Virginia _____

6. Provide the information requested on Page 2 of this form.

7. The information provided is correct to the best of my knowledge and belief.

(Signed) _____
(Title) _____

Old Form #	Effective Date	New Form #	Description of Coverage Change, also indicate if Replacement Form, New Form or Withdrawal.

W. VA. ADMINISTRATIVE REGULATIONS -- INSURANCE

PROPERTY CASUALTY PROCEDURAL INFORMATION

The filing should be easy to read and understand. It should be self-explanatory, and should be well documented. Premium and loss adjustment factors should be explained, and the statistical information underlying these factors should be a part of the filing. Similarly, the expense provisions used in calculating the proposed rates should be supported with actual experience as much as is possible.

Also, the answers to the following questions should be a part of the filing.

1. If the methods used in this filing differ from those used in the last rate filing for this coverage in West Virginia, or if the West Virginia methods differ from those used countrywide, attach an explanation of the differences.
2. Explain the type of loss information used in this rate filing. For example, was it Calendar period, Accident period, or Policy period; and was it based on Basic limits data or Total limits data?
3. If Calendar period information is used, explain any adjustments that have been made to reflect changes in those estimated loss liabilities based on actual claims, and changes in Incurred But Not Reported estimated loss liabilities. If a provision for Incurred But Not Reported estimated loss liabilities has been included, tell how it was arrived at, how it has changed over the experience period, and how it was distributed among coverages and states.
4. If Policy or Accident period data has been used, explain any tests or adjustments that were made to loss development factors so as to make them appropriate for use in this filing. Loss development factors should be shown by coverage both for West Virginia and countrywide.
5. Explain any adjustments for large or catastrophic losses that were made in the statistical information on losses.
6. (a) How has the expected income from investments of premiums been specifically taken into account in arriving at the proposed rates?

(b) Using a discounted cash flow model, what rate of return will you get from the premiums with which this filing deals? Show the calculation.
7. Show the amount of any risk load or contingency factor which is used in this filing.
8. Show any procedure used in the filing to recognize the distinction between expenses which vary directly with losses, and expenses, such as general expenses, which do not so vary. (Explain the reason for what you did.) (a) West Virginia (b) Territory or class
9. What have you done to control losses for the coverages included in this filing?

10. For Personal Lines property insurance filings, we would like to know the following:
- (a) If the company has had an insurance to value campaign during the experience period, describe the campaign and estimate its impact.
 - (b) If the company uses a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, tell us when this program was started in West Virginia, and estimate its impact.
 - (c) If the company requires a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents), in order to purchase insurance, describe the procedures that are used.
 - (d) If the company uses an Inflation Guard form or a similar type of coverage, describe the coverage, and estimate its impact.
11. If the loss experience included in this filing reflects both monoline and multiline policies, list for each of the last five years the premium volume written on monoline policies, and, separately, that written on multiline policies.

RATE FILING ABSTRACT

INSTRUCTIONS: All questions must be answered; if the answer is "none" or "not applicable," so state. Use a separate abstract for each coverage affected by this filing. Companies filing as a group must use a consolidated abstract if the rates are identical. Rating organizations must use a consolidated abstract showing the combined data for all companies on behalf of which the filing is being made, along with a list of these companies. If this is a combination Rate and Form Filing, the Form Filing Abstract (Form PCA-F) must also be completed.

1. Date filed: _____ Proposed effective date: _____

2. a) Company Name(s): _____

b) Part of group: _____

3. a) Class/Coverage affected by filing _____

b) Term of policy to be written _____

c) Is this coverage written on a claims-made or occurrence basis?

Claims-Made _____ Occurrence _____

d) Company written premium (latest calendar year) for 3(a)

West Virginia _____ Countrywide _____

4. a) Name of rating organization, if any:

b) Affiliation status for 3(a):

c) Is this a deviation filing?

1) Current deviation amount: _____

2) Proposed deviation amount: _____

3) Amount of change due to deviation change: _____

5. If this is a reference filing to a rating organization (or company), provide the following information:

a) Name of rating organization: _____

b) Date of rating organization filing: _____

c) Filing designation and Name: _____

d) Approved in West Virginia for use effective (date): _____

6. List all rate level changes for last five years for the class/coverage affected by this filing:

Effective Date	Individual Coverages	All Coverages Combined
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. Number of West Virginia policies in force in each of the last five years:

	# of Policies	% Change
5th Prior Year 19____	_____	_____
4th Prior Year 19____	_____	_____
3rd Prior Year 19____	_____	_____
2nd Prior Year 19____	_____	_____
1st Prior Year 19____	_____	_____

8. a) Estimated premium effect of the filing:

Coverage	Annual Written Premium	% Change Requested	Annual Addtl Premium
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

b) Components of proposed rate level change(s):

Coverage	Indicated Rate Level Change(s)	Proposed Rate Level Change(s)	Components of Proposed Rate Level Change(s)			
			(A) Basic Rate Change	(B)*	(C)*	(D)*
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

*Examples of some components are classification changes, increased limit changes, deductible changes, age and symbol changes, policy form changes, and other manual rate changes

9. Provide the following information for the coverage stated in 3(a):

West Virginia				
	Earned Premium (000)	Incurred Losses (000)	Change in IBNR (000)	Loss Ratio
5th Prior Year 19__	_____	_____	_____	_____
4th Prior Year 19__	_____	_____	_____	_____
3rd Prior Year 19__	_____	_____	_____	_____
2nd Prior Year 19__	_____	_____	_____	_____
1st Prior Year 19__	_____	_____	_____	_____
____ Months 19__	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____

Countrywide				
	Earned Premium (000)	Incurred Losses (000)	Change in IBNR (000)	Loss Ratio
5th Prior Year 19__	_____	_____	_____	_____
4th Prior Year 19__	_____	_____	_____	_____
3rd Prior Year 19__	_____	_____	_____	_____
2nd Prior Year 19__	_____	_____	_____	_____
1st Prior Year 19__	_____	_____	_____	_____
____ Months 19__	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____

10. Ratemaking Methodology (include exhibits)

- a) Show Loss Development and Loss Adjustment Expenses.
- b) Fully explain trending and methods used.
- c) How is the credibility of the data that is used considered in your ratemaking process?
- d) What is your Permissible Loss Ratio? How was this value chosen?
- e) How is your Indicated Rate Level Adjustment arrived at?
- f) How is Investment Income considered when a final Rate Level Adjustment is selected?
- g) Provide an Actuarial Memorandum showing all of the above.

11. Provide a summary of the developed data and experience in 10 above as follows:

	Current Level Earned Premiums	Trended Developed Incurred Losses	Loss Ratio
5th Prior Year 19__	_____	_____	_____
4th Prior Year 19__	_____	_____	_____
3rd Prior Year 19__	_____	_____	_____
2nd Prior Year 19__	_____	_____	_____
1st Prior Year 19__	_____	_____	_____
____ Months 19__	_____	_____	_____
TOTAL	_____	_____	_____

12. Business Expense Provisions that are used to determine a Permissible Loss Ratio.

Commission and Brokerage	_____ %
New Acquisition	_____
General	_____
Taxes, Licenses, Fees, Etc.	_____
Other	_____
Profit and Contingencies	_____
TOTAL EXPENSES	_____
Pure Permissible Loss Ratio	_____
Loss Adjustment Expenses	_____
Allocated	_____
Unallocated	_____
TOTAL PERMISSIBLE LOSS AND LOSS ADJUSTMENT	_____
EXPENSE RATIO	_____

13. Insurance Expense Exhibit. Incurred Ratios (%) on a written premium basis for coverage in 3(a) above:

	Percent Annual					Combined Average
	19__	19__	19__	19__	19__	
a) Commission and Brokerage						
b) New Acquisition						
c) General						
d) Taxes, etc.						
e) SUBTOTAL (a) + (b)+(c)+(d)						
f) West Virginia Loss Ratio (Ques. 9)						
g) Combined Ratio (e) + (f)						
h) Investment Gain/(Loss)						

14. Has this proposed premium rate adjustment filing been submitted to any other state insurance departments? If "yes," give specific information as to which states, when filed, each states proportionate share of the total annual written premium for this particular policy /contract, the status of said filing in each state, and any other pertinent information which may be helpful in our review. Please attach additional sheets if more space is needed.

15. The above information is correct to the best of my knowledge and belief.

Signed _____

Title _____